

EMMET COUNTY
INDEPENDENT AUDITORS' REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2010

EMMET COUNTY
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EMMET COUNTY

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Jim Jenson	Board of Supervisors	January 2011
Ron Smith	Board of Supervisors	January 2011
Beverly Juhl	Board of Supervisors	January 2013
Alan Madden	Board of Supervisors	January 2013
Don Heerd * Michele Erickson	Board of Supervisors County Auditor	January 2013 January 2013
Vickie Jurrens	County Treasurer	January 2011
Sue Snyder	County Recorder	January 2011
Mike Martens	County Sheriff	January 2013
Doug Hansen	County Attorney	January 2011
Jill Burgeson-Green	County Assessor	January 2015

* Appointed May 25, 2010 until November 2, 2010 general election.

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Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

To the Officials of Emmet County:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Emmet County, Iowa, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Emmet County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Emmet County at June 30, 2010 and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2010 on our consideration of Emmet County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The budgetary comparison information on pages 28 through 31 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

The County has not presented management's discussion and analysis which introduces the basic financial statements by presenting certain financial information as well as management's analytical insights on that information that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Emmet County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the seven years ended June 30, 2009 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Wischer, Anne M. LLP

December 10, 2010

EMMET COUNTY
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Governmental Activities
ASSETS	
Cash and pooled investments	\$ 3,026,433
Receivables:	
Property tax:	
Succeeding year	4,220,309
Accounts	23,041
Accrued interest	15
Notes and contracts	46,000
Due from other governments	232,674
Inventories	423,106
Prepaid insurance	52,503
Capital assets - net of accumulated depreciation	<u>10,926,042</u>
TOTAL ASSETS	<u>18,950,123</u>
LIABILITIES	
Accounts payable	192,650
Salaries and benefits payable	23,968
Due to other governments	167,409
Deferred revenue:	
Succeeding year property tax	4,220,309
Long-term liabilities:	
Portion due or payable within one year:	
Capital lease purchase agreements	41,058
General obligation notes	24,300
Compensated absences	244,660
Portion due or payable after one year:	
Capital lease purchase agreements	27,891
General obligation notes	141,490
Net OPEB liability	<u>10,511</u>
TOTAL LIABILITIES	<u>5,094,246</u>
NET ASSETS	
Invested in capital assets - net of related debt	10,691,303
Restricted for:	
Supplemental levy purposes	182,649
Mental health purposes	333,214
Secondary roads purposes	1,363,170
Other purposes	369,333
Unrestricted	<u>916,208</u>
TOTAL NET ASSETS	<u>\$13,855,877</u>

EMMET COUNTY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest		
	Expenses	Charges for Service			
FUNCTIONS/PROGRAMS:					
Governmental activities:					
Public safety and legal services	\$1,466,155				\$ (1,466,155)
Physical health and social services	665,259				(665,259)
Mental health	1,438,796				(1,438,796)
County environment and education	528,309				(528,309)
Roads and transportation	2,416,182		\$1,587,661	\$2,363,655	1,535,134
Governmental services to residents	361,279				(361,279)
Administration	883,526	\$284,115			(599,411)
Interest on long-term debt	<u>6,044</u>				<u>(6,044)</u>
TOTAL	<u>\$7,765,550</u>	<u>\$284,115</u>	<u>\$1,587,661</u>	<u>\$2,363,655</u>	<u>(3,530,119)</u>
GENERAL REVENUES:					
Property and other county tax levied for:					
General purposes					3,895,024
Interest and penalty on property tax					32,217
State tax credits					543,743
Grants and contributions not restricted to specific purpose					964,555
Unrestricted investment earnings					46,121
Miscellaneous					<u>386,211</u>
TOTAL GENERAL REVENUES					<u>5,867,871</u>
Change in net assets					2,337,752
Net assets - beginning of year					<u>11,518,125</u>
NET ASSETS - END OF YEAR					<u>\$13,855,877</u>

EMMET COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

ASSETS

		Special Revenue				
	General	Mental Health	Rural Services	Secondary Roads	Nonmajor	Total
Cash and pooled investments	\$ 852,052	\$ 495,587	\$ 296,143	\$1,049,557	\$328,068	\$3,021,407
Receivables:						
Property tax:						
Succeeding year	2,493,652	799,587	927,070			4,220,309
Accounts	13,834			9,207		23,041
Accrued interest	15					15
Notes and contracts					46,000	46,000
Due from other governments	95,397	26,039	15,124	95,580	534	232,674
Inventories				423,106		423,106
Prepaid insurance	<u>27,392</u>			<u>25,111</u>		<u>52,503</u>
 TOTAL ASSETS	 <u>\$3,482,342</u>	 <u>\$1,321,213</u>	 <u>\$1,238,337</u>	 <u>\$1,602,561</u>	 <u>\$374,602</u>	 <u>\$8,019,055</u>

LIABILITIES AND FUND BALANCES

LIABILITIES:						
Accounts payable	\$ 35,810	\$ 21,003	\$ 280	\$ 130,288	\$ 5,269	\$ 192,650
Salaries and benefits payable	10,259			13,709		23,968
Due to other governments		167,409				167,409
Deferred revenue:						
Succeeding year property tax	2,493,652	799,587	927,070			4,220,309
Other					46,000	46,000
TOTAL LIABILITIES	<u>2,539,721</u>	<u>987,999</u>	<u>927,350</u>	<u>143,997</u>	<u>51,269</u>	<u>4,650,336</u>
FUND BALANCES:						
Reserved for:						
Supplemental levy purposes	182,649					182,649
Unreserved, reported in:						
General fund	759,972					759,972
Special revenue funds		333,214	310,987	1,458,564	323,333	2,426,098
TOTAL FUND BALANCES	<u>942,621</u>	<u>333,214</u>	<u>310,987</u>	<u>1,458,564</u>	<u>323,333</u>	<u>3,368,719</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$3,482,342</u>	 <u>\$1,321,213</u>	 <u>\$1,238,337</u>	 <u>\$1,602,561</u>	 <u>\$374,602</u>	 <u>\$8,019,055</u>

EMMET COUNTY
RECONCILIATION OF THE BALANCE SHEET -
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
JUNE 30, 2010

Total governmental fund balances (page 6)	\$ 3,368,719
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of assets is \$18,168,769 and the accumulated depreciation is \$7,242,727.	10,926,042
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	46,000
The Internal Service Fund is used by management to charge the costs of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets.	5,026
Long-term liabilities, including capital lease purchase agreements, loans and contracts payable, compensated absences payable, and other post-employment benefits payable are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(489,910)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES (page 4)	<u>\$13,855,877</u>

EMMET COUNTY,
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010

		Special Revenue				
	General	Mental Health	Rural Services	Secondary Roads	Nonmajor	Total
REVENUES:						
Property and other county tax	\$2,293,446	\$ 680,680	\$922,898			\$3,897,024
Interest and penalty on property tax	32,217					32,217
Intergovernmental	693,607	647,470	38,295	\$1,701,628	\$ 14,959	3,095,959
Licenses and permits	5,983			4,167		10,150
Charges for service	279,670				1,520	281,190
Use of money and property	47,424				1,120	48,544
Miscellaneous	80,811	1,564		105,344	164,978	352,697
TOTAL REVENUES	<u>3,433,158</u>	<u>1,329,714</u>	<u>961,193</u>	<u>1,811,139</u>	<u>182,577</u>	<u>7,717,781</u>
EXPENDITURES:						
Operating:						
Public safety and legal services	1,274,171		170,839			1,445,010
Physical health and social services	665,466					665,466
Mental health		1,440,049				1,440,049
County environment and education	285,822		45,577		165,604	497,003
Roads and transportation				2,158,249		2,158,249
Governmental services to residents	361,461					361,461
Administration	808,406		62			808,468
Capital projects				27,874	7,112	34,986
TOTAL EXPENDITURES	<u>3,395,326</u>	<u>1,440,049</u>	<u>216,478</u>	<u>2,186,123</u>	<u>172,716</u>	<u>7,410,692</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>37,832</u>	<u>(110,335)</u>	<u>744,715</u>	<u>(374,984)</u>	<u>9,861</u>	<u>307,089</u>
OTHER FINANCING SOURCES (USES):						
Operating transfers in (out)	(16,924)		(652,192)	652,192	16,924	
TOTAL OTHER FINANCING SOURCES (USES)	<u>(16,924)</u>		<u>(652,192)</u>	<u>652,192</u>	<u>16,924</u>	
NET CHANGE IN FUND BALANCES	20,908	(110,335)	92,523	277,208	26,785	307,089
FUND BALANCES - BEGINNING OF YEAR	<u>921,713</u>	<u>443,549</u>	<u>218,464</u>	<u>1,181,356</u>	<u>296,548</u>	<u>3,061,630</u>
FUND BALANCES - END OF YEAR	<u>\$ 942,621</u>	<u>\$ 333,214</u>	<u>\$310,987</u>	<u>\$1,458,564</u>	<u>\$323,333</u>	<u>\$3,368,719</u>

EMMET COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010

Net change in fund balances - total governmental funds (page 8) \$ 307,089

*Amounts reported for governmental activities in the statement of activities
are different because:*

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and contributed capital assets exceeded depreciation expense in the current year as follows:

Expenditures for capital assets	\$ 162,236	
Capital assets contributed by the Iowa Department of Transportation	2,363,655	
Loss on disposition of capital assets	(7,840)	
Depreciation expense	<u>(567,781)</u>	1,950,270

Because some revenues will not be collected for several months after the County's year-end, they are not considered available revenues and are deferred in the governmental funds as follows:

Property tax	(2,000)
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Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. For the current year, debt repayments exceeded debt issued as follows:

Issued	-	
Repaid	<u>95,519</u>	95,519

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:

Compensated absences	(4,597)
Other post-employment benefits	(10,511)

The Internal Service Fund is used by management to charge the costs of employee health benefits to individual funds. The change in net assets of the Internal Service Fund is reported with governmental activities.

1,982

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES (page 5) \$2,337,752

EMMET COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2010

Internal Service

Health Insurance

ASSETS

Cash and pooled investments \$ 5,026

NET ASSETS \$ 5,026

EMMET COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2010

	<u>Internal Service</u>
	<u>Health Insurance</u>
OPERATING REVENUES:	
Reimbursements from operating funds	\$ 485,727
Reimbursements from employees	<u>195,978</u>
TOTAL OPERATING REVENUES	<u>681,705</u>
OPERATING EXPENSES:	
Insurance premiums and fees	<u>680,225</u>
TOTAL OPERATING EXPENSES	<u>680,225</u>
OPERATING INCOME	1,480
NONOPERATING REVENUES:	
Interest income	<u>502</u>
CHANGE IN NET ASSETS	1,982
NET ASSETS - BEGINNING OF YEAR	<u>3,044</u>
NET ASSETS - END OF YEAR	<u>\$ 5,026</u>

EMMET COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2010

Internal Service

Health Insurance

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from operating fund reimbursements	\$ 485,727
Cash received from employees and others	195,978
Cash payments for premiums, fees, and other	<u>(680,225)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,480</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest	<u>502</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>502</u>

NET CHANGE IN CASH 1,982

CASH AT BEGINNING OF YEAR 3,044

CASH AT END OF YEAR \$ 5,026

RECONCILIATIONS OF OPERATING INCOME (LOSS) TO NET CASH
PROVIDED BY OPERATING ACTIVITIES:

Operating income	\$ 1,480
Adjustments to reconcile operating income to net cash used by operating activities:	
None	<u> </u>

NET CASH PROVIDED BY OPERATING ACTIVITIES \$ 1,480

EMMET COUNTY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2010

ASSETS

Cash and pooled investments:	
County Treasurer	\$ 649,900
Other County officials	25,505
Accounts receivable	23,976
Property tax receivable:	
Succeeding year	<u>11,733,963</u>
TOTAL ASSETS	<u>12,433,344</u>

LIABILITIES

Due to other governments	12,416,189
Trusts payable	<u>17,155</u>
TOTAL LIABILITIES	<u>12,433,344</u>

NET ASSETS	<u><u>\$</u></u>
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EMMET COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Emmet County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

Reporting Entity

For financial reporting purposes, Emmet County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the County.

These financial statements present Emmet County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units - The following component units are entities which are legally separate from the County but are so intertwined with the County they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

One hundred sixty-five drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Emmet County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the individual drainage districts can be obtained from the Emmet County Auditor's office.

EMMET COUNTY
NOTES TO FINANCIAL STATEMENTS - Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Jointly Governed Organizations - The County also participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Emmet County Assessor's Conference Board, Emmet County Emergency Management Commission, Emmet County Joint E911 Service Board, and Emmet County Empowerment Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The Statement of Net Assets presents the County's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

EMMET COUNTY
NOTES TO FINANCIAL STATEMENTS - Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Basis of Presentation - Continued

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges, and the capital improvement costs that are not paid from other funds.

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues designated to be used to fund mental health, mental retardation, and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

The Secondary Roads Fund is used to account for secondary road construction and maintenance.

Additionally, the County reports the following funds:

Proprietary Fund - An internal service fund is utilized to account for the financing of services purchased by one department of the County and provided to other departments or agencies on a cost-reimbursement basis.

Fiduciary Funds - Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

Measurement Focus and Basis of Accounting

The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

EMMET COUNTY
NOTES TO FINANCIAL STATEMENTS - Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Measurement Focus and Basis of Accounting - Continued

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

The proprietary fund of the County applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Fund are reimbursements from operating funds and employees. Operating expenses for the internal service fund include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

Cash and Pooled Investments - The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investment in the Iowa Public Agency Investment Trust is valued at amortized cost. Non-negotiable certificates of deposits are stated at cost.

For purposes of the statement of cash flows, the County considers as cash all currency on hand and demand deposits and certificates of deposit with banks or other financial institutions.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

EMMET COUNTY
NOTES TO FINANCIAL STATEMENTS - Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Assets, Liabilities and Fund Equity - Continued

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the County Board of Supervisors. Delinquent property taxes receivable representing unpaid taxes for the current and prior years are not considered material to the financial statements. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments, is based on January 1, 2008 assessed property valuations, is for the tax accrual period July 1, 2009 through June 30, 2010, and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2009.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method. Inventories in the Special Revenue Funds consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Notes and Contracts Receivable - Long-term receivables of governmental funds are reported on their respective balance sheets. To the extent these receivables are considered "available spendable resources," they are recognized in the current period. Recognition of governmental fund revenue represented by noncurrent receivables is deferred until they become current receivables.

Capital Assets - Capital assets, which include property, equipment and vehicles, and infrastructure assets acquired after July 1, 2003 (e.g. roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the government), are reported in the governmental activities column in the government-wide statement of net assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Infrastructure	\$ 65,000
Land, buildings, and improvements	25,000
Equipment and vehicles	5,000

EMMET COUNTY
NOTES TO FINANCIAL STATEMENTS - Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Assets, Liabilities and Fund Equity - Continued

Capital assets of the County are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful lives (In Years)</u>
Buildings and improvements	25 - 50
Infrastructure	10 - 60
Equipment	3 - 20
Vehicles	5 - 15

Due to Other Governments - Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable - Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of property tax receivable and other receivables not collected within sixty days after year-end.

Deferred revenue in the statement of net assets includes succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences - County employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death, or retirement. A liability is recorded when incurred in the government-wide, proprietary fund, and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2010. The compensated absences liability attributable to the governmental activities will be paid primarily by the General and Secondary Roads Funds.

County employees accumulate a limited amount of earned but unused sick leave. The employee does not receive any pay for unused sick leave upon termination of employment with the County. Since the amount of sick leave to be used is undeterminable, no liability has been accrued.

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets. In the government fund financial statements, the face amount of debt issued is reported as other financing sources.

EMMET COUNTY
NOTES TO FINANCIAL STATEMENTS - Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Assets, Liabilities and Fund Equity - Continued

Fund Equity - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

Subsequent Events

The County has evaluated subsequent events through the date of the auditors' report, which is the date the financial statements were available to be issued.

2. CASH AND POOLED INVESTMENTS

The County's deposits in banks at June 30, 2010 were entirely covered by Federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The County had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of \$29,664 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in IPAIT is unrated.

Interest Rate Risk - The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the County.

Concentration of Credit Risk - The County places a five percent limit on the amount that may be invested in any one issuer of prime bankers acceptances, commercial paper, or other short-term corporate debt.

EMMET COUNTY
NOTES TO FINANCIAL STATEMENTS - Continued

3. INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2010 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue:	Special Revenue:	
Secondary Roads	Rural Services	\$652,192
Conservation Land Acquisition Trust	General	\$ 16,924

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

4. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2010 was as follows:

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 156,869			\$ 156,869
Construction in progress	<u>1,571,854</u>		<u>\$(1,571,854)</u>	
Total capital assets not being depreciated	<u>1,728,723</u>		<u>(1,571,854)</u>	<u>156,869</u>
Capital assets being depreciated:				
Buildings	2,796,080	\$ 8,000		2,804,080
Machinery and equipment	5,698,007	43,428	(79,646)	5,661,789
Infrastructure, road network	4,853,434	4,046,317		8,899,751
Other	<u>646,280</u>			<u>646,280</u>
Total capital assets being depreciated	<u>13,993,801</u>	<u>4,097,745</u>	<u>(79,646)</u>	<u>18,011,900</u>
Less accumulated depreciation for:				
Buildings	1,403,959	74,546		1,478,505
Machinery and equipment	4,505,002	357,938	(71,806)	4,791,134
Infrastructure, road network	266,249	130,768		397,017
Other	<u>571,542</u>	<u>4,529</u>		<u>576,071</u>
Total accumulated depreciation	<u>6,746,752</u>	<u>567,781</u>	<u>(71,806)</u>	<u>7,242,727</u>
Total capital assets being depreciated - net	<u>7,247,049</u>	<u>3,529,964</u>	<u>(7,840)</u>	<u>10,769,173</u>
Governmental activities capital assets - net	<u>\$ 8,975,772</u>	<u>\$3,529,964</u>	<u>\$(1,579,694)</u>	<u>\$10,926,042</u>

Depreciation expense was charged to functions of the primary government as follows:

Governmental activities:	
Public safety and legal services	\$ 58,722
Mental health	5,015
County environment and education	39,306
Roads and transportation	360,108
Administration	<u>104,630</u>
Total depreciation expense - governmental activities	<u>\$ 567,781</u>

EMMET COUNTY
NOTES TO FINANCIAL STATEMENTS - Continued

5. DUE TO OTHER GOVERNMENTS

The County purchases services from other governmental units and also acts as a fee and tax collection agency for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due other governments is as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
Special Revenue:		
Mental Health	Services	\$ 167,409
TOTAL FOR GOVERNMENTAL FUNDS		<u>\$ 167,409</u>

Agency:		
Agricultural Extension Education	Collections	\$ 123,146
County Assessor	Collections	286,778
Schools	Collections	7,948,488
Community Colleges	Collections	348,209
Corporations	Collections	3,006,124
Townships and Fire Districts	Collections	172,816
Auto License and Use Tax	Collections	247,155
E-911 Surcharge	Collections	162,804
Empowerment Funds	Collections	35,715
All others	Collections	<u>84,954</u>
TOTAL FOR AGENCY FUNDS		<u>\$12,416,189</u>

6. CHANGES IN LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2010 is as follows:

	<u>Loans and Contract Payable</u>	<u>Capital Lease Purchase Agreements</u>	<u>Compensated Absences</u>	<u>Total</u>
Balance - beginning of year	\$221,294	\$108,964	\$240,063	\$570,321
Increases			4,597	4,597
Decreases	<u>(55,504)</u>	<u>(40,015)</u>	<u> </u>	<u>(95,519)</u>
Balance - end of year	<u>\$165,790</u>	<u>\$ 68,949</u>	<u>\$244,660</u>	<u>\$479,399</u>
Due within one year	<u>\$ 24,300</u>	<u>\$ 41,058</u>	<u>\$244,660</u>	<u>\$310,018</u>

EMMET COUNTY
NOTES TO FINANCIAL STATEMENTS - Continued

6. CHANGES IN LONG-TERM LIABILITIES - Continued

Capital Lease Purchase Agreements

The County has entered into capital lease purchase agreements to lease two copy machines and two phone systems with a total historical cost of \$174,029. The following is a schedule of future minimum lease payments, including interest ranging from 1.5% to 8.797% per annum, and the present value of net minimum lease payments under the agreements in effect at June 30, 2010.

<u>June 30,</u>	<u>Amount</u>
2011	\$ 41,058
2012	<u>32,367</u>
Total minimum lease payments	73,425
Less amount representing interest	<u>(4,476)</u>
 Present value of net minimum lease payments	 <u>\$ 68,949</u>

Payments under capital lease purchase agreements for the year ended June 30, 2010 totaled \$46,059.

Loans and Contract Payable

The County has a non-interest bearing loan with the State of Iowa in the amount of \$76,500 for culvert repair due to flood damage. Annual principal payments of \$15,300 began in fiscal year 2007. The loan balance at June 30, 2010 was \$15,300.

The County also has a non-interest bearing contract for \$90,592 for the purchase of gravel and mineral rights. Required annual payments are \$9,000 per year through 2013, with a final payment of \$9,592 in 2014. The outstanding contract balance at June 30, 2010 was \$36,592.

The Emmet County Conservation Board has a \$500,000 line of credit with a local financial institution for the construction of a nature center. The interest rate is variable (5.25% at June 30, 2010), payable annually, and there are no required principal payments. The line of credit matures in July 2012 and has been guaranteed by the County Board of Supervisors. The outstanding loan balance at June 30, 2010 was \$113,898. No additional advances on the line of credit are expected.

Maturities required as of June 30, 2010 are as follows:

2011	\$ 24,300
2012	9,000
2013	9,000
2014	9,592
Undetermined	<u>113,898</u>
 Total	 <u>\$165,790</u>

EMMET COUNTY
NOTES TO FINANCIAL STATEMENTS - Continued

7. PENSION AND RETIREMENT BENEFITS

The County contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, PO Box 9117, Des Moines, Iowa 50306-9117.

Most regular plan members are required to contribute 4.30% of their annual covered salary and the County is required to contribute 6.65% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2010, 2009, and 2008 were \$218,879, \$203,434, and \$182,889, respectively, equal to the required contributions for each year.

8. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Emmet County implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, during the year ended June 30, 2010. The County operates a single-employer health benefit plan which provides medical/prescription drug benefits for all full-time active and retired employees and their eligible dependents. Eligible retirees receive health care coverage through the same plan that is available to active employees. Eligible retirees must be age 55 or older at retirement. Benefits terminate upon attaining Medicare eligibility.

The medical/prescription drug coverage is provided through a fully insured plan. Retirees pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy

The contribution requirements of plan members are established and may be amended by the County. The County currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation

The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

EMMET COUNTY
NOTES TO FINANCIAL STATEMENTS - Continued

8. OTHER POST-EMPLOYMENT BENEFITS (OPEB) - Continued

Annual OPEB Cost and Net OPEB Obligation - Continued

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2010, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 26,410
Interest on net OPEB obligation	
Adjustment to annual required contribution	
Annual OPEB cost	<u>26,410</u>
Net contributions received from retirees	<u>(15,899)</u>
Increase in net OPEB obligation	10,511
Net OPEB obligation beginning of year	
	<u>\$ 10,511</u>
Net OPEB obligation - end of year	

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2010.

For the year ended June 30, 2010, plan members eligible for benefits contributed \$15,899 or 100% of the premium costs.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2010 are summarized as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2010	\$ 26,410	60%	\$ 10,511

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010, the actuarial accrued liability was \$256,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$256,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2,946,000 and the ratio of the UAAL to covered payroll was 8.69%. As of June 30, 2010, there were no trust fund assets.

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

EMMET COUNTY
NOTES TO FINANCIAL STATEMENTS - Continued

8. OTHER POST-EMPLOYMENT BENEFITS (OPEB) - Continued

Actuarial Methods and Assumptions - Continued

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2009 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4% discount rate based on the County's funding policy. The projected annual medical trend rate ranges from 5 - 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Combined Mortality Table. Annual retirement and termination probabilities were developed by the County with the concurrence of the actuary. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

9. OPERATING LEASES

The County has entered into a noncancelable agreement to lease office space. The lease requires monthly lease payments of \$1,691 and expires in September 2013. The County has also entered into operating lease agreements for office equipment. The leases require monthly lease payments ranging from \$102 to \$522 and expire from June 2011 to May 2013.

The following is a schedule of the future minimum lease payments under these agreements at June 30, 2010:

<u>June 30,</u>	<u>Amount</u>
2011	\$ 36,019
2012	32,278
2013	26,742
2014	<u>5,073</u>
TOTAL	<u>\$100,112</u>

Total rent expense for the year ended June 30, 2010 was \$35,384.

EMMET COUNTY
NOTES TO FINANCIAL STATEMENTS - Continued

10. RISK MANAGEMENT

Emmet County is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

11. COMMITMENTS

The County has entered into a contract totaling approximately \$40,000 for traffic markings. As of June 30, 2010, no costs have been incurred. The balance remaining on the contract of approximately \$40,000 will be paid as work on the project progresses.

The County has entered into a five-year contract for ambulance service at a cost of \$23,500 per year. The contract ends with the fiscal year ended June 30, 2014.

The County has entered into a five-year commitment for E-911 upgrades at a cost of \$32,500 per year. The contract ends with the fiscal year ended June 30, 2013.

REQUIRED SUPPLEMENTARY INFORMATION

EMMET COUNTY
BUDGETARY COMPARISON SCHEDULE OF
RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCES -
BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2010

	<u>Actual</u>	Less Funds not Required to be <u>Budgeted</u>
RECEIPTS:		
Property and other county tax	\$3,887,910	
Interest and penalty on property tax	32,147	
Intergovernmental	3,150,667	
Licenses and permits	9,580	
Charges for service	290,074	
Use of money and property	52,734	
Miscellaneous	<u>361,320</u>	<u>\$161,107</u>
TOTAL RECEIPTS	<u>7,784,432</u>	<u>161,107</u>
DISBURSEMENTS:		
Public safety and legal services	1,448,100	
Physical health and social services	666,657	
Mental health	1,414,787	
County environment and education	496,618	158,586
Roads and transportation	2,149,577	
Governmental services to residents	362,998	
Administration	811,473	
Debt service	15,300	
Capital projects	<u>13,189</u>	
TOTAL DISBURSEMENTS	<u>7,378,699</u>	<u>158,586</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	405,733	2,521
OTHER FINANCING SOURCES - NET	_____	_____
EXCESS (DEFICIENCY) OF RECEIPTS AND OTHER FINANCING SOURCES OVER DISBURSEMENTS AND OTHER FINANCING USES	405,733	2,521
BALANCE - BEGINNING OF YEAR	<u>2,615,674</u>	<u>92,614</u>
BALANCE - END OF YEAR	<u>\$3,021,407</u>	<u>\$ 95,135</u>

<u>Net</u>	<u>Budgeted Amounts</u>		Final to Actual Variance - Positive (Negative)
	<u>Original</u>	<u>Final</u>	
\$3,887,910	\$3,945,795	\$3,945,795	\$ (57,885)
32,147	15,750	15,750	16,397
3,150,667	3,196,602	3,252,602	(101,935)
9,580	9,500	9,500	80
290,074	319,406	319,406	(29,332)
52,734	151,614	151,614	(98,880)
200,213	140,389	140,389	59,824
<u>7,623,325</u>	<u>7,779,056</u>	<u>7,835,056</u>	<u>(211,731)</u>
1,448,100	1,518,389	1,559,389	111,289
666,657	684,439	727,539	60,882
1,414,787	1,612,099	1,612,099	197,312
338,032	438,579	440,579	102,547
2,149,577	2,565,699	2,565,699	416,122
362,998	397,789	397,789	34,791
811,473	1,148,209	1,148,209	336,736
15,300	15,300	15,300	
13,189	127,798	127,798	114,609
<u>7,220,113</u>	<u>8,508,301</u>	<u>8,594,401</u>	<u>1,374,288</u>
403,212	(729,245)	(759,345)	1,162,557
<u> </u>	<u>500</u>	<u>500</u>	<u>(500)</u>
403,212	(728,745)	(758,845)	<u>\$1,162,057</u>
<u>2,523,060</u>	<u>1,810,786</u>	<u>1,810,786</u>	
<u>\$2,926,272</u>	<u>\$1,082,041</u>	<u>\$1,051,941</u>	

EMMET COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET TO GAAP RECONCILIATION
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2010

	<u>Governmental Funds</u>		
	<u>Cash Basis</u>	<u>Accrual Adjustments</u>	<u>Modified Accrual Basis</u>
Revenues	\$7,784,432	\$ (66,651)	\$7,717,781
Expenditures	<u>7,378,699</u>	<u>31,993</u>	<u>7,410,692</u>
Net	405,733	(98,644)	307,089
Beginning fund balances	<u>2,615,674</u>	<u>445,956</u>	<u>3,061,630</u>
ENDING FUND BALANCE	<u>\$3,021,407</u>	<u>\$ 347,312</u>	<u>\$3,368,719</u>

EMMET COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
JUNE 30, 2010

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds, except blended component units and agency funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, a budget amendment increased budgeted disbursements by \$86,100. The budget amendment is reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

EMMET COUNTY
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
(In Thousands)

Required Supplementary Information

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
July 1, 2009	-	\$256	\$256	0.00%	\$2,946	8.69%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status, and funding progress.

OTHER SUPPLEMENTARY INFORMATION

EMMET COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010

ASSETS

	<u>Resource Enhancement and Protection</u>	<u>Recorder's Records Management</u>	<u>Conservation Land Acquisition Trust</u>
Cash and pooled investments	\$ 58,518	\$ 15,447	\$ 32,240
Receivables:			
Notes and contracts			
Due from other governments	_____	534	_____
 TOTAL ASSETS	 <u>\$ 58,518</u>	 <u>\$ 15,981</u>	 <u>\$ 32,240</u>

LIABILITIES AND FUND BALANCES

LIABILITIES:			
Accounts payable			\$ 5,269
Deferred revenue:			
Other	_____	_____	_____
TOTAL LIABILITIES	_____	_____	_____
FUND BALANCES:			
Unreserved	\$ 58,518	\$ 15,981	26,971
TOTAL FUND BALANCES	<u>58,518</u>	<u>15,981</u>	<u>26,971</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 58,518</u>	 <u>\$ 15,981</u>	 <u>\$ 32,240</u>

Schedule 1

<u>Special Revenue</u>		
<u>Revolving Loan</u>	<u>Drainage Districts</u>	<u>Total</u>
\$126,728	\$ 95,135	\$328,068
46,000		46,000
<u> </u>	<u> </u>	<u>534</u>
<u>\$172,728</u>	<u>\$ 95,135</u>	<u>\$374,602</u>
		\$ 5,269
<u>\$ 46,000</u>	<u> </u>	<u>46,000</u>
<u>46,000</u>	<u> </u>	<u>51,269</u>
<u>126,728</u>	<u>\$ 95,135</u>	<u>323,333</u>
<u>126,728</u>	<u>95,135</u>	<u>323,333</u>
<u>\$172,728</u>	<u>\$ 95,135</u>	<u>\$374,602</u>

EMMET COUNTY
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010

	<u>Resource Enhancement and Protection</u>	<u>Recorder's Records Management</u>	<u>Conservation Land Acquisition Trust</u>
REVENUES:			
Intergovernmental	\$ 14,959		
Charges for service		\$ 1,520	
Use of money and property	629	162	\$ 329
Miscellaneous			<u>1,871</u>
TOTAL REVENUES	<u>15,588</u>	<u>1,682</u>	<u>2,200</u>
EXPENDITURES:			
Operating:			
County environment and education	8,733		
Capital projects			<u>7,112</u>
TOTAL EXPENDITURES	<u>8,733</u>		<u>7,112</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>6,855</u>	<u>1,682</u>	<u>(4,912)</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers in(out)			<u>16,924</u>
TOTAL OTHER FINANCING SOURCES (USES)			<u>16,924</u>
NET CHANGE IN FUND BALANCE	6,855	1,682	12,012
FUND BALANCES - BEGINNING OF YEAR	<u>51,663</u>	<u>14,299</u>	<u>14,959</u>
FUND BALANCES - END OF YEAR	<u>\$ 58,518</u>	<u>\$ 15,981</u>	<u>\$ 26,971</u>

Schedule 2

<u>Special Revenue</u>		
<u>Revolving Loan</u>	<u>Drainage Districts</u>	<u>Total</u>
		\$ 14,959
		1,520
		1,120
\$ 2,000	\$161,107	164,978
<u>2,000</u>	<u>161,107</u>	<u>182,577</u>
	156,871	165,604
		7,112
	<u>156,871</u>	<u>172,716</u>
<u>2,000</u>	<u>4,236</u>	<u>9,861</u>
		<u>16,924</u>
		<u>16,924</u>
2,000	4,236	26,785
<u>124,728</u>	<u>90,899</u>	<u>296,548</u>
<u>\$126,728</u>	<u>\$ 95,135</u>	<u>\$323,333</u>

EMMET COUNTY
COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2010

	<u>County Offices</u>	<u>Agricultural Extension Education</u>	<u>County Assessor</u>
ASSETS			
Cash and pooled investments:			
County Treasurer		\$ 1,514	\$ 22,311
Other County officials	\$ 25,505		
Accounts receivable			
Property tax receivable:			
Succeeding year		<u>121,632</u>	<u>264,467</u>
 TOTAL ASSETS	 <u>\$ 25,505</u>	 <u>\$123,146</u>	 <u>\$286,778</u>
LIABILITIES			
Due to other governments	\$ 8,350	\$123,146	\$286,778
Trusts payable	<u>17,155</u>		
 TOTAL LIABILITIES	 <u>\$ 25,505</u>	 <u>\$123,146</u>	 <u>\$286,778</u>

Agency Funds					
<u>Schools</u>	<u>Community Colleges</u>	<u>Corporations</u>	<u>Townships and Fire Districts</u>	<u>Auto License and Use Tax</u>	<u>E-911 Surcharge</u>
\$ 85,629	\$ 3,926	\$ 37,889	\$ 1,827	\$247,155	\$138,828
					23,976
<u>7,862,859</u>	<u>344,283</u>	<u>2,968,235</u>	<u>170,989</u>	<u> </u>	<u> </u>
<u>\$7,948,488</u>	<u>\$348,209</u>	<u>\$3,006,124</u>	<u>\$172,816</u>	<u>\$247,155</u>	<u>\$162,804</u>
<u>\$7,948,488</u>	<u>\$348,209</u>	<u>\$3,006,124</u>	<u>\$172,816</u>	<u>\$247,155</u>	<u>\$162,804</u>
<u>\$7,948,488</u>	<u>\$348,209</u>	<u>\$3,006,124</u>	<u>\$172,816</u>	<u>\$247,155</u>	<u>\$162,804</u>

EMMET COUNTY Schedule 3
 COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES - Continued
 AGENCY FUNDS
 JUNE 30, 2010

	<u>Agency Funds</u>		
	<u>Empowerment Fund</u>	<u>Other</u>	<u>Total</u>
ASSETS			
Cash and pooled investments:			
County Treasurer	\$ 35,715	\$ 75,106	\$ 649,900
Other County officials			25,505
Accounts receivable			23,976
Property tax receivable:			
Succeeding year	<u> </u>	<u>1,498</u>	<u>11,733,963</u>
 TOTAL ASSETS	 <u>\$ 35,715</u>	 <u>\$ 76,604</u>	 <u>\$12,433,344</u>
LIABILITIES			
Due to other governments	\$ 35,715	\$ 76,604	\$12,416,189
Trusts payable	<u> </u>	<u> </u>	<u>17,155</u>
 TOTAL LIABILITIES	 <u>\$ 35,715</u>	 <u>\$ 76,604</u>	 <u>\$12,433,344</u>

EMMET COUNTY
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2010

	<u>County Offices</u>	<u>Agricultural Extension Education</u>	<u>County Assessor</u>
BALANCE - BEGINNING OF YEAR	<u>\$ 23,485</u>	<u>\$119,741</u>	<u>\$285,098</u>
ADDITIONS:			
Property and other County tax		118,035	258,057
911 surcharge			
State tax credits		5,982	10,952
Office fees and collections	307,041		8,797
Auto licenses, use tax, and postage			
Trusts	213,143		
Miscellaneous			
TOTAL ADDITIONS	<u>520,184</u>	<u>124,017</u>	<u>277,806</u>
DEDUCTIONS:			
Agency Remittances:			
To other funds	130,970		
To other governments	174,440	120,612	276,126
Trusts paid out	212,754		
Miscellaneous			
TOTAL DEDUCTIONS	<u>518,164</u>	<u>120,612</u>	<u>276,126</u>
BALANCE - END OF YEAR	<u>\$ 25,505</u>	<u>\$123,146</u>	<u>\$286,778</u>

<u>Agency Funds</u>					
<u>Schools</u>	<u>Community Colleges</u>	<u>Corporations</u>	<u>Townships and Fire Districts</u>	<u>Auto License and Use Tax</u>	<u>E-911 Surcharge</u>
<u>\$6,768,796</u>	<u>\$310,464</u>	<u>\$2,744,634</u>	<u>\$152,657</u>	<u>\$ 208,075</u>	<u>\$356,597</u>
7,652,223	334,952	2,872,998	167,005		190,193
342,513	15,515	142,997	7,254		
				2,528,467	
<u>7,994,736</u>	<u>350,467</u>	<u>3,015,995</u>	<u>174,259</u>	<u>2,528,467</u>	<u>190,193</u>
6,815,044	312,722	2,754,505	154,100	102,221 2,387,166	383,986
<u>6,815,044</u>	<u>312,722</u>	<u>2,754,505</u>	<u>154,100</u>	<u>2,489,387</u>	<u>383,986</u>
<u>\$7,948,488</u>	<u>\$348,209</u>	<u>\$3,006,124</u>	<u>\$172,816</u>	<u>\$ 247,155</u>	<u>\$162,804</u>

EMMET COUNTY Schedule 4
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -
 Continued
 AGENCY FUNDS
 YEAR ENDED JUNE 30, 2010

	<u>Agency Funds</u>		
	<u>Empowerment Fund</u>	<u>Other</u>	<u>Total</u>
BALANCE - BEGINNING OF YEAR	<u>\$ 53,055</u>	<u>\$ 50,239</u>	<u>\$11,072,841</u>
ADDITIONS:			
Property and other County tax		60,540	11,463,810
911 surcharge			190,193
State tax credits		21,153	546,366
Office fees and collections		106,157	421,995
Auto licenses, use tax, and postage			2,528,467
Trusts			213,143
Miscellaneous	<u>184,729</u>	<u>49,511</u>	<u>234,240</u>
TOTAL ADDITIONS	<u>184,729</u>	<u>237,361</u>	<u>15,598,214</u>
DEDUCTIONS:			
Agency Remittances:			
To other funds			233,191
To other governments		210,996	13,589,697
Trusts paid out			212,754
Miscellaneous	<u>202,069</u>		<u>202,069</u>
TOTAL DEDUCTIONS	<u>202,069</u>	<u>210,996</u>	<u>14,237,711</u>
BALANCE - END OF YEAR	<u>\$ 35,715</u>	<u>\$ 76,604</u>	<u>\$12,433,344</u>

EMMET COUNTY
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS
FOR THE LAST EIGHT YEARS

	Modified Accrual Basis			
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
REVENUES:				
Property and other County tax	\$3,897,024	\$3,679,884	\$3,517,727	\$3,476,195
Interest and penalty on property tax	32,217	25,894	25,731	26,047
Intergovernmental	3,095,959	3,259,908	2,960,182	3,148,746
Licenses and permits	10,150	9,192	23,820	5,576
Charges for service	281,190	308,701	285,189	280,508
Use of money and property	48,544	75,500	163,614	198,360
Miscellaneous	<u>352,697</u>	<u>242,751</u>	<u>359,884</u>	<u>830,317</u>
 TOTAL	 <u>\$7,717,781</u>	 <u>\$7,601,830</u>	 <u>\$7,336,147</u>	 <u>\$7,965,749</u>
EXPENDITURES:				
Operating:				
Public safety and legal services	\$1,445,010	\$1,383,851	\$1,355,444	\$1,277,329
Physical health and social services ..	665,466	636,458	596,304	562,101
Mental health	1,440,049	1,489,962	1,592,167	1,677,114
County environment and education .	497,003	475,048	700,867	621,669
Roads and transportation	2,158,249	2,535,537	2,119,781	2,051,865
Governmental services to residents .	361,461	362,959	345,869	331,946
Administration	808,468	850,528	895,731	787,935
Nonprogram				24,095
Debt service				
Capital projects	<u>34,986</u>	<u>69,980</u>	<u>416,104</u>	<u>32,812</u>
 TOTAL	 <u>\$7,410,692</u>	 <u>\$7,804,323</u>	 <u>\$8,022,267</u>	 <u>\$7,366,866</u>

Schedule 5

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$3,236,692	\$3,021,031	\$3,388,885	\$3,100,488
23,407	35,119	26,088	22,569
2,941,424	2,834,531	2,828,622	2,851,652
2,550	1,324	4,275	2,140
295,572	277,507	297,913	267,246
181,621	75,657	54,623	135,383
<u>308,149</u>	<u>331,994</u>	<u>195,987</u>	<u>160,080</u>
<u>\$6,989,415</u>	<u>\$6,577,163</u>	<u>\$6,796,393</u>	<u>\$6,539,558</u>

\$1,151,903	\$1,101,629	\$1,100,948	\$1,049,707
551,087	528,634	560,765	535,644
1,626,628	1,421,809	1,369,753	1,396,576
390,450	295,005	328,496	344,091
2,173,602	1,976,853	1,791,530	2,228,787
437,783	307,658	271,780	216,468
745,244	743,178	727,274	835,205
17,500	27,367	27,367	105,350
<u>455,687</u>	<u>226,264</u>	<u>156,606</u>	<u>344,522</u>
<u>\$7,549,884</u>	<u>\$6,628,397</u>	<u>\$6,334,519</u>	<u>\$7,056,350</u>

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Officials of Emmet County:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Emmet County, Iowa, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements listed in the table of contents and have issued our report thereon dated December 10, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Emmet County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Emmet County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance all deficiencies, significant deficiencies or material weakness have been identified. However, as described in the accompanying Schedule of Findings, we identified a certain deficiency in internal control over financial reporting we consider to be a material weakness and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in part I of the accompanying Schedule of Findings as item I-A-10 to be a material weakness.

A significant deficiency is a deficiency or combination of deficiencies in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part I of the accompanying Schedule of Findings as items I-B-10 and I-C-10 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Emmet County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2010 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The County's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the County's responses, we did not audit the County's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of Emmet County and other parties to whom Emmet County may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Emmet County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Winter, Steve H. LLP

December 10, 2010

EMMET COUNTY
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010

Part I: Findings Related to the Financial Statements

Significant Deficiencies:

- I-A-10 Segregation of Duties - One significant aspect of internal accounting control is the adequate segregation of duties among employees in order to minimize an individual employee or official from handling duties which are incompatible. The segregation of duties helps to prevent losses from unintentional employee errors or dishonesty and improves the reliability and accuracy of the County's financial statements. We noted that in each of the offices of County officials there were several accounting functions that were being performed by the same person.

Recommendation - We recognize that with a limited number of office employees segregation of duties is difficult. However, accounting controls may be improved by having certain procedures performed by only one person for a given period of time and then rotating the responsibilities for a control function sometime during the year. In some instances, the County official should consider delegating certain responsibilities to deputies and provide the main supervision and review function themselves. In all instances where it is not possible to segregate duties, it is important to increase the review of that work by supervisory personnel.

Response - We will continue to segregate duties the best we can with the limited number of personnel we have.

Conclusion - Response accepted.

- I-B-10 Sheriff's Office Accounts - During our audit, we noted the Sheriff's office maintains separate financial institution accounts for drug investigations, DARE, canine, and posse. These accounts are maintained and controlled by the Sheriff but have minimal activity. In addition, the activity in these accounts is not reported to or approved by the Board of Supervisors.

Recommendation - We recommend these four accounts be closed and remitted to the County Treasurer to maintain on behalf of the Sheriff's Office.

Response - We will discuss with the County Sheriff closing these accounts and remitting the funds to the County Treasurer. If not done, we will ask that activity in these accounts be reported to the Board of Supervisors for approval.

Conclusion - Response accepted.

EMMET COUNTY
SCHEDULE OF FINDINGS - Continued
FOR THE YEAR ENDED JUNE 30, 2010

Part I: Findings Related to the Financial Statements - Continued

Significant Deficiencies - Continued:

I-C-10 Recorder's Office Accounts - During our audit, we noted the Recorder's office had two bank accounts with only one signer on the account.

Recommendation - We recommend these two accounts be updated to add another signer to the account to improve internal control.

Response - We will discuss with the Recorder's office so that another signer can be added to the account.

Conclusion - Response accepted.

EMMET COUNTY
SCHEDULE OF FINDINGS - Continued
FOR THE YEAR ENDED JUNE 30, 2010

Part II: Other Findings Related to Required Statutory Reporting

- II-A-10 Certified Budget - Disbursements for the year ended June 30, 2010 did not exceed the amounts budgeted. However, we noted that the separate budget for the E-911 Board was not amended before expenditures exceeded the budgeted amount. Chapter 384.20 of the Code of Iowa states in part that public monies may not be expended or encumbered except under an annual or continuing appropriation.

Recommendation - The E911 Board budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response - The budget will be amended in the future, if applicable.

Conclusion - Response accepted.

- II-B-10 Questionable Expenditures - No expenditures that we believe may not meet the requirement of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- II-C-10 Travel Expense - No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- II-D-10 Business Transactions - Business transactions between the County and County officials or employees are detailed as follows:

<u>Name, Title, and Business Connection</u>	<u>Description</u>	<u>Amount</u>
Elaine Kaltved, spouse of employee Dave Kaltved, independent contractor	Election worker	\$203
Steve Erickson, spouse of employee Michele Erickson, independent contractor	Election worker	\$ 29
Mark Moorman, spouse of employee Mary Moorman, independent contractor	H1N1 Clinic Worker	\$ 77
Mark Preston, spouse of employee Kathy Preston, independent contractor	H1N1 Clinic Worker	\$105
David Egeland, father of employee Tom Egeland, independent contractor	Cement work	\$184
Garry Stepanek, part-time janitor, independent contractor	Repairs	\$946

EMMET COUNTY
SCHEDULE OF FINDINGS - Continued
FOR THE YEAR ENDED JUNE 30, 2010

Part II: Other Findings Related to Required Statutory Reporting - Continued

II-D-10 Business Transactions - Continued

<u>Name, Title, and Business Connection</u>	<u>Description</u>	<u>Amount</u>
Jim Anderson, spouse of employee Colleen Anderson, independent contractor	Snow removal	\$775

In accordance with Chapter 331.342(10) of the Code of Iowa, the transactions do not appear to represent a conflict of interest since total transactions with each individual were less than \$1,500 during the fiscal year.

II-E-10 Bond Coverage - Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.

II-F-10 Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not.

II-G-10 Deposits and Investments - No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted. However, the investment policy was last reviewed in September 2003 and therefore has not been reviewed in the last five years as stipulated in the policy.

II-H-10 Resource Enhancement and Protection Certification - The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

II-I-10 County Extension Office - The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in the government-wide financial statements.

Disbursements during the year ended June 30, 2010 for the County extension office did not exceed the amount budgeted.